

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 05378 171230Z

53

ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 TRSE-00 L-03

CIAE-00 INR-07 NSAE-00 /030 W  
----- 020780

R 162108Z AUG 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6754

LIMITED OFFICIAL USE BUENOS AIRES 5378

E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: NEW FOREIGN INVESTMENT LAW PROMULGATED

REF: BUENOS AIRES 4847

1. LONG AWAITED FOREIGN INVESTMENT LAW (LAW 21382) WAS PROMULGATED MARCH 13. TEXT DIFFERS SLIGHTLY FROM VERSION REPORTED IN REFTEL, WITH ONLY TWO CHANGES OF IMPORTANCE:  
A) BANKS, INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS ARE INCLUDED ON LIST OF INVESTMENTS REQUIRING PRIOR APPROVAL OF THE EXECUTIVE POWER;  
B) INVESTMENTS EXCEEDING \$5 MILLION (AS OPPOSED TO \$2 MILLION IN REFTEL VERSION) REQUIRE PRIOR APPROVAL OF THE EXECUTIVE POWER.

2. LETTER TRANSMITTING LAW TO THE PRESIDENT FOR SIGNATURE STATES THAT:

A) "THE DIRECT INVESTMENT OF FOREIGN CAPITAL IS NECESSARY AS A COMPLEMENT TO NATIONAL INVESTMENT AND FOREIGN FINANCING TO REDUCE THE SOCIAL COST OF THE PROCESS OF CAPITAL FORMATION OF THE COUNTRY AND TO ACCELERATE ITS RATE OF GROWTH."

B) "FOREIGN INVESTMENT WILL NOT BE OBTAINED SOLELY THROUGH ADEQUATE LEGISLATION...BUT WILL DEPEND FUNDAMENTALLY ON POLITICAL STABILITY, PERSONAL AND JURIDICAL SECURITY, AND ECONOMIC STABILITY."

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 05378 171230Z

C) "THE COUNTRY CAN OBTAIN THE BENEFITS OF FOREIGN

CAPITAL..WITHOUT FEAR OF DIMINISHING ITS SOVEREIGNTY  
OR POWER OF DECISION AS LONG AS THE LAWS ARE CLEAR AND  
JUST..."

3. EMBASSY IS POUCHING FULL TEXT OF THE LAW.

4. COMMENT: AMERICAN REPRESENTATIVES OF FIRMS ALREADY  
ESTABLISHED II ARGENTINA HAVE WELCOMED THE NEW FOREIGN  
INVESTMENT LAW AND PARTICULARLY THOSE PROVISIONS WHICH  
PERMIT REINVESTMENTS TO ENJOY AUTOMATICALLY BENEFITS OF  
THE LAW SO LONG AS THEY DO NOT CONVERT THE RECEIVING  
CONCERN INTO A LOCAL FIRM OF FOREIGN CAPITAL. AN AMERICAN  
CHAMBER WORKING GROUP, HOWEVER, BELIEVES THAT MUCH OF THE  
LAW'S BENEFITS FOR EXISTING FOREIGN INVESTMENTS IN  
ARGENTINA WILL DEPEND ON THE REGULATIONS FOR THE LAW.  
THEREFORE, IT HAS PREPARED A SERIOUS OF RECOMMENDATIONS  
IT WOULD LIKE TO SEE INCORPORATED IN THE REGULATIONS,  
PRIMARILY CONCERNING THE GROUND RULES FOR DETERMINING  
THE VALUE OF FOREIGN INVESTMENTS FOR REPATRIATION  
PURPOSES (NET WORTH AS OF END YEAR 1973) AND THE EXCHANGE  
RATE AT WHICH THE REPATRIATION WILL BE AUTHORIZED.

5. WE SHARE VIEW EXPRESSED IN LETTER TRASMITTING LAW  
TO PRESIDENT THAT LAW BY ITSELF WILL NOT ATTRACT INVEST-  
MENTS. IT IS IMPERATIVE THAT GOA SOLVE TERRORIST PROBLEM  
AND PROVIDE POTENTIAL INVESTORS PROSPECTS FOR REASONABLE  
POLITICAL AND ECONOMIC STABILITY. OTHER THAN REINVESTMENT  
BY FOREIGN FIRMS ALREADY ESTABLISHED IN ARGENTINA, WE  
DO NOT EXPECT ANY SUBSTANTIAL INCREASE IN FOREIGN INVEST-  
MENT IN ARGENTINA BEFORE THE END OF 1977, WITH POSSIBLE  
EXCEPTION OF PETROLEUM.  
CHAPLIN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INVESTMENT LAW, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BUENOS05378  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760315-0477  
**From:** BUENOS AIRES  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760851/aaaabsjg.tel  
**Line Count:** 93  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** LOU  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** LOU  
**Reference:** 76 STATE 197283, TELCON CHAVEAS LOC/MB WILCOX, 76 BUENOS AIRES 4847  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 MAR 2004 by ReddocGW>; APPROVED <18 JAN 2005 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIRST LATIN AMERICAN AND CARIBBEAN REGIONAL PREPARATORY MEETING FOR UN WATER CONFERENCE, ECLA, LIMA, AUG 30-SEP 3, 76  
**TAGS:** OCON, SENV, EINV, AR, UN, ECLA  
**To:** IO  
SECSTATE WASHDC  
MULTIPLE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

